

NON-DEPARTMENTAL

DEBT SERVICE

	FY2002 ACTUAL	FY2003 APPROVED	FY2003 ESTIMATED	FY2004 PROPOSED	CHANGE FY2003-FY2004
Principal					
Schools (GOB's)	\$ 12,643,069	\$ 14,214,400	\$ 13,397,500	\$ 16,370,600	15.2%
Mass Transit	4,687,625	4,884,600	4,192,400	4,373,500	(10.5%)
Roads (GOB's)	9,415,560	10,273,000	10,133,100	10,956,800	6.7%
Roads (State Loans)	1,439,999	642,500	765,200	812,000	26.4%
Public Buildings	5,513,759	5,526,400	4,842,400	4,842,100	(12.4%)
Fire	1,176,300	1,106,400	1,058,400	972,000	(12.1%)
Community College	482,862	636,900	612,600	799,200	25.5%
Correctional Facilities	1,502,632	1,453,100	1,421,700	1,591,300	9.5%
Library	793,728	956,100	959,400	1,035,100	8.3%
Health	122,155	172,200	173,600	229,500	33.3%
Police	1,736,095	1,656,100	1,690,800	1,251,000	(24.5%)
Hospital	191,215	174,800	178,100	38,900	(77.7%)
Industrial Development					
Authority Debt	3,105,000	1,490,600	1,490,600	1,409,100	(5.5%)
MILA Debt	61,228	64,700	89,500	94,200	45.6%
Local Government Insurance					
Trust (LGIT) Debt	800,000	845,000	845,000	890,000	5.3%
Current Year Bond Sale	0	0	0	0	0.0%
TOTAL	\$ 43,671,227	\$ 44,096,800	\$ 41,850,300	\$ 45,665,300	3.6%

NON-DEPARTMENTAL

GENERAL FUND

	FY2002 ACTUAL	FY2003 APPROVED	FY2003 ESTIMATED	FY2004 PROPOSED	CHANGE FY2003-FY2004
INTEREST AND SERVICE CHARGES					
Schools (GOB's)	\$ 11,788,341	\$ 12,142,000	\$ 13,226,900	\$ 13,788,600	13.6%
Mass Transit	2,529,617	2,303,800	2,254,000	2,081,900	(9.6%)
Roads (GOB's)	8,439,572	8,517,300	8,901,600	8,931,500	4.9%
Roads (State Loans)	108,061	47,800	57,000	19,500	(59.2%)
Public Buildings	2,951,222	2,805,500	2,831,100	2,728,300	(2.8%)
Fire	571,985	548,400	557,900	542,500	(1.1%)
Community College	617,928	597,400	606,700	589,900	(1.3%)
Correctional Facilities	748,468	691,700	703,400	655,400	(5.2%)
Library	786,860	718,600	785,600	760,000	5.8%
Health	254,231	327,500	326,800	318,900	(2.6%)
Police	596,511	508,500	459,100	390,200	(23.3%)
Hospital	25,307	17,400	15,700	10,900	(37.4%)
Industrial Development					
Authority Debt	1,727,790	3,342,600	3,342,600	4,865,500	45.6%
MILA Debt	123,744	120,200	119,800	115,000	(4.3%)
Local Government Insurance					
Trust (LGIT) Debt	764,250	719,000	719,000	670,400	(6.8%)
Current Year Bond Sale/Refinancing	0	1,139,100	0	2,273,900	99.6%
Service Charges	151,167	0	0	0	0.0%
TOTAL INTEREST AND SERVICE CHARGES	\$ 32,185,054	\$ 34,546,800	\$ 34,907,200	\$ 38,742,400	12.1%
PRINCIPAL	43,671,227	44,096,800	41,850,300	45,665,300	3.6%
TOTAL PRINCIPAL, INTEREST AND SERVICE CHARGES	\$ 75,856,281	\$ 78,643,600	\$ 76,757,500	\$ 84,407,700	7.3%
Less:					
State IDA Int.	\$ (182,746)	\$ (331,300)	\$ (331,300)	\$ (1,515,700)	357.5%
Mass Transit	(7,465,400)	(7,188,400)	(6,446,500)	(6,455,400)	(10.2%)
Pre-TRIM Debt	(910,593)	(596,300)	(596,300)	-	(100.0%)
School Surcharge	(1,321,151)	(2,641,600)	(2,459,200)	(4,435,300)	67.9%
Interest and Premiums	(3,794,231)	0	0	0	0.0%
NET COUNTY DEBT	\$ 62,182,160	\$ 67,886,000	\$ 66,924,200	\$ 72,001,300	6.1%

FY2004 Debt Issuance Plan

In FY2004, Prince George's County is planning to issue new general obligation debt of approximately \$100 million. The main factor behind the debt issuance is the construction of public schools in the County. Current debt climate continues to be favorable in a historical context. In FY2003, the County maintained its bond rating of AA by S&P and Fitch, and Aa3 by Moody's.

Outstanding General Fund Direct Debt

Direct debt is debt incurred by the Prince George's County government in its own name. The gross outstanding general fund debt, the amount that would be due if 100% of the principal were due on June 30, includes the County's General Obligation Bonds, Parking Authority Revenue Bonds and Maryland Local Government Insurance Trust (LGIT) obligations issued for self-insurance liability funding. On June 30, 2002 the outstanding direct debt was \$513.0 million, and at June 30, 2003 the outstanding direct debt is estimated at \$551.7 million. This excludes overlapping debt of the Industrial Development Authority Lease Revenue and also excludes the planned General Obligation Bond Sale in Spring 2003.

Outstanding Net Tax - Supported Direct Debt

Portions of the direct debt are considered to be self-supporting, i.e., not dependent on County tax revenues. Self-supporting outstanding debt, including debt that is repaid solely from the County's share of certain State-collected taxes and user charges, is detailed below:

SELF-SUPPORTED DIRECT DEBT (Millions \$'s)		
	Est. 6/30/2002	Est. 6/30/2003
Mass Transit Debt (WSTC)	\$ 44.5	\$ 41.5
Stormwater Management	36.5	34.6
Parks	0.0	0.0
County Solid Waste Management Bonds	78.2	73.4
School Surcharge-supported	33.0	61.5
Maryland Development Debt	2.2	2.2
Maryland CDA Infrastructure	1.1	1.0
State Bonds	1.6	0.8
Total Self-Supported Debt	\$ 197.1	\$ 215.0
SOURCE: Preliminary Official Statement for the IDA's Lease Revenue Bonds Series 2003A and Lease Revenue Refunding Bonds Series 2003B, 2/28/2003, Prince George's County, Maryland; Official Statement, 9/24/2002, Prince George's County, Maryland General Obligation Consolidated Public Improvement Bonds, Series 2002, Page 65		

OUTSTANDING NET TAX-SUPPORTED GENERAL FUND DIRECT DEBT
(Millions \$'s)

	Actual 6/30/2001	Actual 6/30/2002	Estimated 6/30/2003
Direct Tax Supported General Fund Debt	\$ 507.5	\$ 513.0	\$ 551.7
Overlapping Tax Supported General Fund Debt	41.0	37.9	36.4
TOTAL	\$ 548.5	\$ 550.9	\$ 588.1
ANNUAL GROWTH		\$ 2.4	\$ 37.2

SOURCE: Preliminary Official Statement for the IDA's Lease Revenue Bonds Series 2003A and Lease Revenue Refunding Bonds Series 2003B, 2/28/2003, Prince George's County, Maryland; Official Statement, 9/24/2002, Prince George's County, Maryland
General Obligation Consolidated Public Improvement Bonds, Series 2002, Page 67

Other Outstanding Debt

In addition to the direct debt, the County has formally agreed to pay the Industrial Development Authority of Prince George's County for the payments due on lease revenue bonds through annual lease payments. The Authority uses the lease payments made by the County to retire its outstanding debt. Most of the proceeds of the debt issued by the Authority were used to build the Prince George's County Courthouse in Upper Marlboro. On June 30, 2002, the outstanding general fund overlapping debt totaled \$37.9 million.

Debt Service and Other Payments

When debt is issued, the County is given a debt service payment schedule similar to the amortization payments given a citizen when he borrows money to purchase a home or a car. The County is required to budget annually for the payment of principal and interest due on the amount of debt that it has incurred along with the annual premium payments and lease payments described under "Other Obligations". (Parking Authority debt and certain other lease payments are shown under Other Non-Departmental.)

From time to time, the County reviews its debt to see if it should restructure or refinance the debt to minimize its cost or to maximize cash flow requirements. A similar technique is used by the taxpayer who refinances his mortgage when interest rates are lowered, resulting in a reduced monthly payment. Or, the taxpayer may choose the lower interest rate and opt for the same monthly payment and thus pay off his debt much quicker.

The County is obligated for its first payment of interest six months after debt is issued; principal is due twelve months after the debt is issued.

Recoveries

Portions of the debt and obligations related to transit, as well as debt issued prior to November, 1978 (Pre-TRIM Debt) are retired through dedicated tax levies. Effective in FY2003, the final payment will be made on all debt to be repaid through the dedicated property tax rate used to pay for debt sold prior to the approval of TRIM by the voters in November, 1978. In addition, certain payments are made by the State of Maryland for a portion of the IDA lease payments, and the Property Management Services Fund. Starting from FY2001, school surcharge revenues have been used to offset part of the cost of new school construction.

Debt Service General Fund Sources

Highway User Revenue is allocated between the Highway Maintenance Division in the Department of Public Works and Transportation and Debt Service for roads.

Fiscal Year	Assessed Value	Net Direct Debt	% of Net Direct Debt to Assessed Value	Debt Service as a % of General Fund Expenditures
2002	\$18,829,858,080	\$512,986,731	2.72%	3.92%
2001	18,182,903,909	507,496,857	2.79%	4.19%
2000	17,891,768,130	468,598,727	2.62%	4.26%
1999	17,525,978,395	426,735,523	2.43%	4.33%
1998	17,159,141,300	390,313,990	2.27%	4.54%
1997	16,991,421,580	420,733,003	2.48%	4.68%
1996	16,678,955,890	413,966,874	2.48%	4.48%
1995	16,381,235,790	426,151,116	2.60%	4.31%
1994	15,829,303,670	403,244,572	2.55%	3.05%
1993	15,177,630,330	351,218,038	2.31%	2.59%
1992	13,987,342,690	326,521,259	2.33%	1.31%
1991	12,935,738,350	298,111,259	2.30%	4.24%

Notes:

1. The assessed valuation is approximately 44% of true value at June 30, 2002.
2. These amounts represents the County's general obligation bonded debt - which excludes the Primary Government's Stormwater Management Enterprise Fund bonds paid with dedicated tax collections, Solid Waste Management System bonds repaid from user charges, debt for parks reimbursed by the joint venture M-NCPPC, and debt for mass transit reimbursed by the WSTC (joint venture) - and includes Parking Authority's (component unit) bonded debt.

SOURCE: Comprehensive Annual Financial Report for the Year Ended June 30, 2002,
Prince George's County, Maryland, Page XII-8.